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S E C R E T SECTION 01 OF 03 RIYADH 008404

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E.O. 12958: DECL: 10/22/2031  
TAGS: [EFIN](#) [PTER](#) [KTFN](#) [ETTC](#) [SA](#)  
SUBJECT: THE SAUDI FINANCIAL INTELLIGENCE UNIT II: POWER  
STRUGGLE WITH SAMA

REF: A. RIYADH 9221  
[1](#)B. RIYADH 8401

Classified By: Acting Deputy Chief of Mission Robert Silverman for reasons 1.4 (b), (d) and (g).

[1](#)1. (U) Summary: From September 16-19, Ahmed Elbashari, representative of the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN), and EconOff, met with senior management of the Saudi Arabia Financial Investigation Unit (SA FIU) to assess the SA FIU for membership in the Egmont financial intelligence units. This cable is one of four reviewing the FinCEN visit, and focuses on the SA FIU's relationship with the Saudi Arabian Monetary Agency (SAMA). End Summary.

[1](#)2. (U) Senior Saudi Arabian Government (SAG) interlocutors on the central bank part of the assessment included:

--Dr. Saud Al-Murieshd, Director of the SA FIU;  
--Naser Al-Omair, Head of the Department of Information Exchange and Follow up of the SA FIU;  
--Musfer Kahtani, Deputy Head of the Department of Information Exchange and Follow up of the SA FIU;  
--Mohammed Al-Shayi, Director of Inspection Department of SAMA; and  
--Bank compliance officers from Al Rajhi Bank, The Saudi British Bank, Saudi American Bank (SAMBA) and Al-Bilad Bank.

[1](#)3. (SBU) The FinCEN delegation requested separate meetings with bank compliance officers at their respective banks. However SAMA scheduled one meeting with all bank compliance officers. The SA FIU Director and SAMA understood prior to the on-site assessment that one bank compliance officer meeting may not be adequate for recommendation for Egmont membership.

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BANK REPORTING PRACTICES  
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[1](#)4. (SBU) During the FinCEN visit, SAMA told us they have set the minimum threshold for banks' suspicious transaction report (STR) reporting at a cumulative monthly value of SAR 100,000 (USD \$26,667). Banks can report any suspicious transaction above SAR 10,000.

[1](#)5. (C) Any cash deposit of SAR 10,000 or less is automatically disregarded. The compliance officers track

bank accounts using a scenario based monitoring approach which creates profiles to capture various red-flag transactions. On a daily basis, compliance officers track up to twenty-five persons who are engaging in suspicious transactions.

¶6. (U) The bank tellers or compliance officers can file an STR, in which the Head of the Bank's Compliance Office sends the STR to the SA FIU and notifies SAMA. If the SA FIU opens a case, they correspond directly with the reporting bank. However, if the SA FIU needs to contact a non-reporting bank, they must request assistance from SAMA. A bank's non-compliance will result in SAMA sanctions and an internal investigation. The SA FIU provides feedback to the banks for future monitoring of suspicious transactions of a specific person/entity. According to the Anti-Money Laundering (AML) law, if the SA FIU seeks an asset freeze, it must request the Bureau of Investigation and Prosecution (BIP) to petition a freeze of assets from SAMA.

¶7. (C) Comment. Neither SAMA nor the banks would provide the number of STRs sent to the SA FIU. SAMA believes the banks run well, SAMA will pass information as necessary to the SA FIU. When asked about information-sharing through Egmont, Al-Shayy was not keen on releasing SAMA information to other FIUs, and requested an Memorandum of Understanding between the Saudi Government and each country to share information. End comment.

¶8. (U) To run more efficiently, SAMA recently developed a process for the banks to gather and distribute STRs. This plan includes: 1) increasing the number of bank compliance officers at each bank; 2) training on anti-money laundering

RIYADH 00008404 002 OF 003

and terrorist finance issues; and 3) upgrading technology (i.e., computer systems).

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QUALIFICATIONS FOR BANK COMPLIANCE OFFICERS  
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¶9. (U) SAMA and the bank compliance officers meet regularly to discuss anti-money laundering issues, guidelines, and requirements. In order to become a bank compliance officer, the bank's Chief Executive Officer recommends the nomination to the Board of Directors, and SAMA officially approves the candidate. Minimum qualifications for a bank compliance officer are as follows: 1) 2-5 years of experience in anti-money laundering issues; 2) university graduate with a Bachelor of Arts or MBA; 3) technical skills; 4) audit and legal experience; 5) prior banking experience; and 6) independence from bank businesses with no conflict of interest with outside businesses. SAMA provides bank compliance officers with training in strategic analysis, tracking false positives and negatives, and quality control.

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SAMA'S BUSINESS PRACTICE  
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¶10. (U) In order to open a new personal bank account in the Kingdom of Saudi Arabia (KSA), the applicant must present the following documents: 1) a valid identification card (minimum age is 15); 2) a current address and telephone number (no P.O. box allowed); 3) employer pay stub. Additional SAMA criteria include: 4) local residence; 5) the applicant must be physically present (account holder). Diplomats can open an account for three months with appropriate identification. To open a business account, the business owners must present: 1) commercial registration; 2) valid identification card; and 3) current address (no P.O. box allowed). The banks do not accept walk in customers for any financial transaction.

¶11. (U) The AML law and SAMA regulations call for annual

audits on banks' compliance procedures. Banks utilize an internal audit by officers of different branches and report findings to SAMA. Banks rarely utilize independent auditors.

¶12. (U) SAMA's Inspection Department conducts sporadic audits of bank practices through a full scope examination, a special limited scope examination, or a supervisory visit. A full scope examination, conducted every 3-5 years, audits all aspects of the bank. A special limited scope examination audits a specific area (e.g., examination on anti-money laundering or embezzlement). In a supervisory visit, a five person SAMA team meets with bank executives for discussions on best practice, strategic planning and goals, and recommended improvements. SAMA can sanction non-complying banks.

¶13. (U) In order to facilitate information sharing, bi-monthly bank meetings to discuss trends, patterns and suspicious individuals/entities. SAMA considers itself a pro-active government agency that utilizes public awareness campaigns and participates actively on terrorist finance committees and global initiatives, such as MENA-FATF.

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CHARITABLE ACCOUNTS  
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¶14. (SBU) Only SAMA can authorize the opening of a charitable institution account. Prior to authorizing such an account, SAMA utilizes a financial crimes database populated by quarterly reports and statistics on financial crimes to vet the charity. Once an account is open, a charity is allowed to open multiple sub-accounts under the main account. SAMA has compliance procedures on charitable accounts to include: 1) two signatures required for any withdrawal of funds; 2) no cash withdrawals; and 3) no incoming or outgoing transfer of money.

¶15. (S) Comment. SAMA has instructed banks to daily monitor charitable accounts. Even though SAMA has strict

RIYADH 00008404 003 OF 003

guidelines regarding charitable accounts, the International Islamic Relief Organization (IIRO), a Saudi-based charity, has been known to regularly move funds within its world-wide branches. End comment.

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COMMENT  
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¶16. (C) During the FinCEN visit, SAMA failed to provide the support needed to obtain unfettered access to the banks and their compliance officers. During our meetings SAMA and bank compliance officers were hesitant in answering Egmont questions. For example, banks were not fully forthcoming regarding their relationship with SAMA. With competing banks present, bank compliance officers were not open about bank practices and compliance procedures.

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